

# MARKETING RESEARCH INTO THE QUALITY OF SERVICES PROVIDED BY THE LEOS JANACEK AIRPORT IN OSTRAVA-MOŠNOV

## MARKETINGOVÝ VÝZKUM V OBLASTI KVALITY POSKYTOVANÝCH SLUŽEB NA LETIŠTI LEOŠE JANÁČKA V OSTRAVĚ-MOŠNOVĚ

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### **Abstract**

Transport infrastructure and accessibility is one of benchmarking criteria on successful regional development and prosperity. The accessibility is important not only for tourist industries and their customers, but especially for potential investors. The existence of an airport is a precondition for the air traffic accessibility.

The majority of us take the existence of the airport for granted without realizing the fact that it is largely financed by the Moravia-Silesia Region.

With regards to ever decreasing air traffic figures, the owners of airports are in a difficult economic situation. They operate under the necessity of looking for sources of additional income, as the core activity revenues of passenger and cargo traffic are diminishing. This brings increasing pressure on the quality of services provided, as the number of customers decreases and customers are ever more demanding.

As such, the Marketing Research into the Quality of Services Provided by the Airport, Ostrava-Mošnov has been the subject of this project study.

### **Abstrakt**

Jedním z měřítek úspěšného rozvoje a prosperity kraje je jeho dopravní dostupnost, která hraje důležitou roli nejen pro návštěvníky a turisty, ale zejména pro potencionální investory. Svě nezastupitelné místo v této dopravní dostupnosti má doprava letecká, která je nedílně spjata s existencí letiště.

Většina z nás považuje existenci letiště v našem kraji za samozřejmost, aniž bychom si uvědomili, že je stejně jako mnoho regionálních letišť v Evropě z velké části financováno z rozpočtu Moravskoslezského kraje.

S ohledem na přetrvávající pokles v objemech letecké přepravy jsou majitelé a provozovatelé letišť ve složité situaci. Jsou nuceni hledat další zdroje příjmů, protože ty hlavní, tedy poplatky z počtu odbavených cestujících a carga (letecká nákladní přeprava) klesají. S tím souvisí i sílící tlak na kvalitu poskytovaných služeb, protože zákazníků je méně a jsou stále náročnější.

Tomuto byl věnován i tento marketingový průzkum.

**Key words:** marketing, research, air, traffic, airport, services, customers.

## 1 INTROUDCRION

In the current situation of a worldwide economic depression, when customers reduce their spending, transport industries are no doubt hit the worst, inclusive the air transportation. The situation is difficult not only for airline companies as such, but also concerns airports and their infrastructure of related services. The decline in air travel effects negatively especially regional airports.

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The Region of Moravia-Silesia is placed strategically, as it is located in the geographic centre of the European Union near the border of its three member countries, the Czech Republic, Poland, and Slovakia. Also the historically important transport and transit route between the North and South of Europe passes through this Region. Important international roads and railways are an integral part of the regional transit network. The Region's air access gateway is the Leos Janacek Airport Ostrava (former Ostrava-Mošnov International Airport), the distance from which to the Ostrava city centre is only 20 km.

The history of the Ostrava-Mošnov airport dates back to 1939, when an air base for the German army was built there. It was decided to decommission the airport after World War II, but it started operating again in 1959. In 1989, due to fall of Iron Curtain and resulting increases in international bus transport services and individual motor traffic, the demand for air transportation dropped sharply. In the following years, the demand grew steadily, thanks not only to charter flights to ever increasing number of destinations abroad, but also to the expansion of regular airline services. A recent history turning point was March 3, 2009, on which day the company, Ostrava Airport, was founded by the Moravia-Silesia Region as its sole proprietor. The point is, how this development was influenced by fuel high prices, and the continuing economic crisis.

The majority of us take the existence of the airport for granted without realizing the fact that it is largely financed by the Moravia-Silesia Region. The practice of regional financing is common in Europe and implies capital investments, from which only long-term and rather unpredictable returns can be expected.

With regards to ever decreasing air traffic figures, the owners of airports are in a difficult economic situation. They operate under the necessity of looking for sources of additional income, as the core activity revenues from passenger and cargo traffic are diminishing. This brings increasing pressure on the quality of services provided, as the number of customers decreases and customers are ever more demanding.

As such, the Marketing Research into the Quality of Services Provided by the Airport, Ostrava-Mošnov has been subject of this internal grant project study.

## 2 ECONOMIC RESULTS AND INDICATORS

Before continuing evaluating the results of my marketing research, I should like to provide you with a current economic brief of the Leos Janacek Airport Ostrava, as it is the Airport's economic condition, which will influence its further development or even its existence. On one side there are customers' demands and expectations, but economic results and an implicit amount of financial means available for running the Airport in future are on the flip side.

The legal status of the Leos Janacek Airport Ostrava is that of a partnership company, but actually it operates as a sole trader. Immovable assets have been leased to the Airport by the Moravia-Silesia Region as based on the Immovable Property Lease Agreement. The annual rental corresponds to the amount of tangible property depreciations per annum.

The information on the Company's economic results is provided by annual reports in their both dead tree and web site alternatives. The Airport is also subject to annual auditing, the results of which are part and parcel of the Annual Reports.

In 2008, the Airport operated in the red figures, especially due to the world financial crisis. Although official figures are not available as yet, the same results can be expected for 2009, as evidenced by close unofficial sources. In 2006 and 2007, there was only a moderate profit made. These figures mean that the profitable operation is not to be predicted in near future with a substantial development budget missing. A subsidy programme is to be seen as a major budgetary source, which especially concerns EU funding, subsidies and grants of the Czech Republic and local regional government. Another option might be in increasing the corporate stock.

**Tab. 1** Corporate Economic Result (CZK)

	2004	2005	2006	2007	2008
Income	65 652 000	142 006 000	160 861 000	180 259 000	200 387 000
Revenue	67 006 000	147 441 000	223 530 000	229 068 000	241 904 000
Pre-tax Economic Result	8 321 000	- 8 308 000	8 757 000	2 324 000	- 14 152 000

The development of the number of passengers represents another important indicator of prosperity. It is obvious from Table 2 that the flow of passengers has increased in all kinds of the air transportation analyzed. Nevertheless, it is to be noticed that the number of domestic flight passengers has been decreasing since autumn 2008, which indicates that especially business trip client group's demand has been dropping due to continuing economic crisis. For the time being, this trend will most probably continue.

**Tab. 2** Passenger Flow Development

Kind of Air Transportation	2004	2005	2006	2007	2008
Regular Domestic	72 101	92 707	94 535	89 927	89 988
Irregular Domestic	1 354	1 871	1 949	2 785	2 259
Regular International	-	4 041	14 216	21 610	23 699
Irregular International	124 542	136 161	162 094	187 746	199 113
Transit Passengers	18 262	31 084	27 942	30 198	38 678
Total	216 259	265 864	300 735	332 266	353 737

Concerning the Leos Janacek Airport Ostrava, the following Tables inform on aircraft flows for both passenger and cargo transportation. In 2007 and even more in 2008 and 2009, the cargo volumes dropped, as implied by the global economic crisis. In these periods, the cargo volumes went down worldwide, as it is obvious from Tables 3 and 4.

**Tab. 3** Aircraft Flow Development

Kind of Traffic	2004	2005	2006	2007	2008
Commercial Passenger Traffic	4 120	5 185	6 067	6 146	6 402
Cargo Traffic	470	1 007	1 108	257	86
Other Traffic	8 520	10 114	8 921	9 541	10 679
Total	13 110	16 306	16 096	15 944	17 167

**Tab. 4** Cargo (tons)

Kind of Transportation	2004	2005	2006	2007	2008
International Cargo	870	492	740	389	29
Domestic Cargo	90	92	102	67	64
Cargo Total	960	583	842	456	93
Post	566	1 056	1 201	1 553	1 559
Total	1 526	1 639	2 043	2 009	1 652

These facts imply that the continuing economic crisis paralleled by diminishing flows of cargo and passenger transportation might threaten the further development of the Airport or even its existence. As such it has been important to know, how the public perceives the Leos Janacek Airport Ostrava.

### 3 QUESTIONNAIRE FEEDBACK

Taking into account the situation characterized above, I designed a questionnaire that was filled in by 262 respondents in the Moravia-Silesia Region. After processing the data, here are the results:

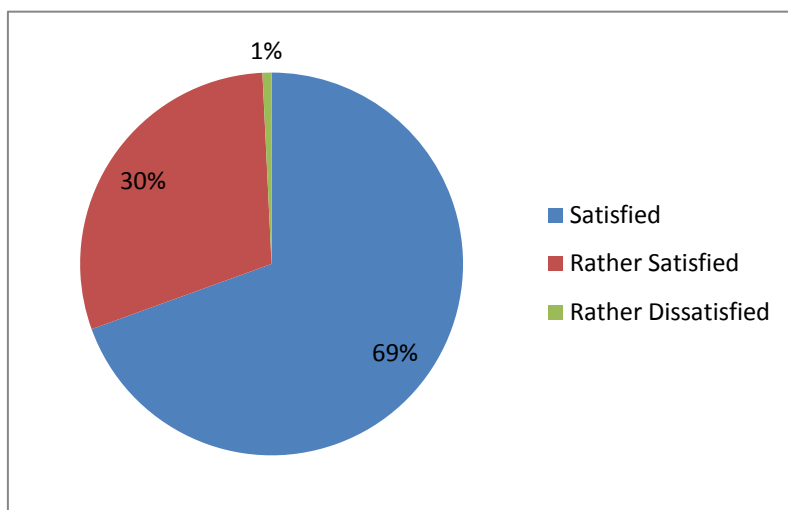
37% of respondents were men, 63%, women. The respondents' age structure was: 18 – 30 years, 16%; 30 – 45 years, 44%; 45 – 60 years, 33%; 60 – 70 years, 7%; in excess of 70 years, 1%. As regards education levels, the majority of respondents finished some institution of secondary education (56%); higher education, 29%; skilled workers without certificate, 13%; basic education, 3%. Concerning the frequency of the air transportation usage, the majority of respondents (73%) said that they fly less than once yearly; 24 % fly four times in a year; every month, 2%; and every week, 1%. Vacation taking was the principal purpose of taking advantage of the air traffic (95%), professional purpose, 3%; and study purpose, 2%. The majority of respondents (71%) were satisfied with the quality of services provided by the Leos Janacek Airport Ostrava; 26%, were rather satisfied; 2% rather dissatisfied; and only 1% of respondents were dissatisfied.

Responses to questions about specific service provision were: 37% of respondents qualified refreshment facilities at the Airport as very good; 37%, good; 52%, satisfactory, 9%; insufficient, 3%. The banking services (post-office, exchange-office, ATM dispensers) were qualified as satisfactory by 65%; rather satisfied were 31% of respondents; 3%, rather dissatisfied; and 2% were dissatisfied. More than a half of the respondents (55%) took advantage of using regularly the local shopping facility. 37% use it only rarely; 8% of respondents never do their shopping there. Almost all respondents (99%) had no difficulty in finding their way about the Airport; only 1% had some problem with respect to this.

There were 4% of respondents, who needed to file complaint, as usually regarded loss of baggage. 40% of them were satisfied with handling of their complaint; 30% rather satisfied; 20% rather dissatisfied; and 10%, dissatisfied.

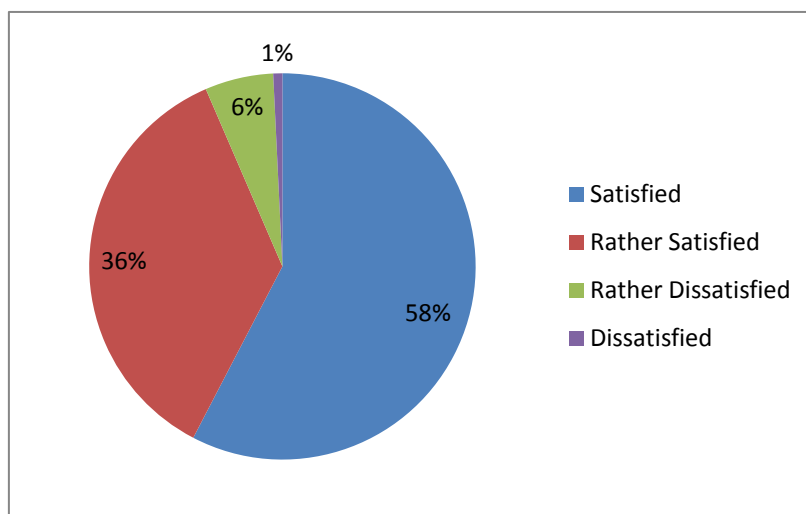
The final question of the questionnaire was: Would you consider the existence of the Ostrava Airport as important and essential for the Region of Moravia-Silesia? All of the respondents (100%) said yes.

Responses to other questions of the questionnaire are provided by the following pie charts.



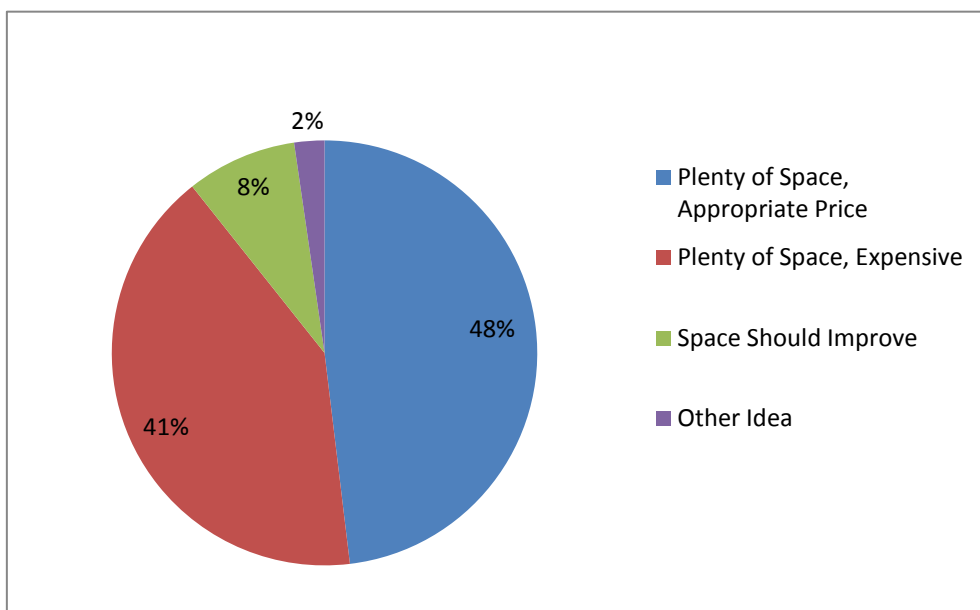
**Fig. 1** Satisfaction with the Airport Attendance Staff Services

Assessing services of the airport attendance staff (readiness to meet demands and wishes, quality of information provided), 69% of respondents were satisfied; 30%, rather satisfied. Only 1% of respondents were dissatisfied.



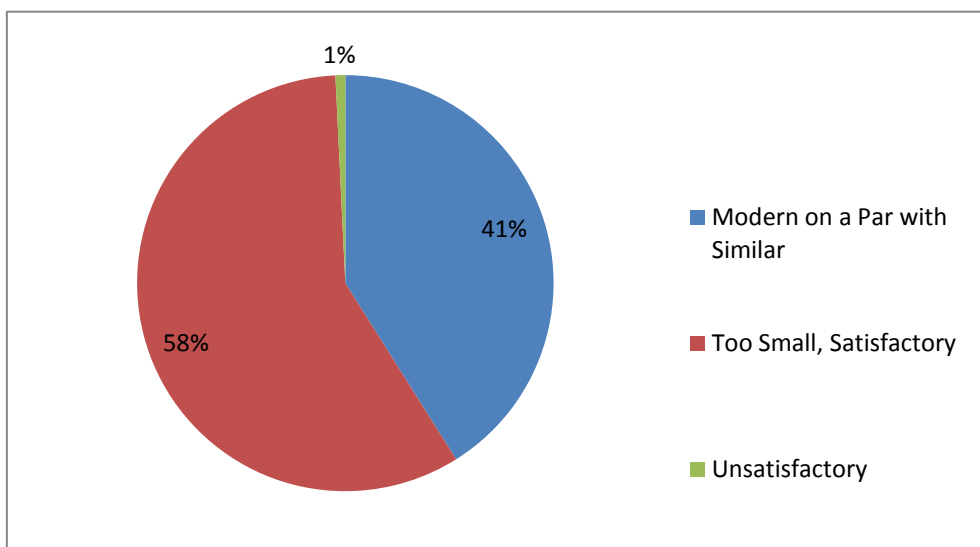
**Fig. 2** Check-in Speed and Smoothness

There were 58% of respondents, who were satisfied and 36% rather satisfied with the speed and smoothness of the check-in procedures at the Airport. Only 6% of the respondents were rather dissatisfied, and 1% dissatisfied with these services.



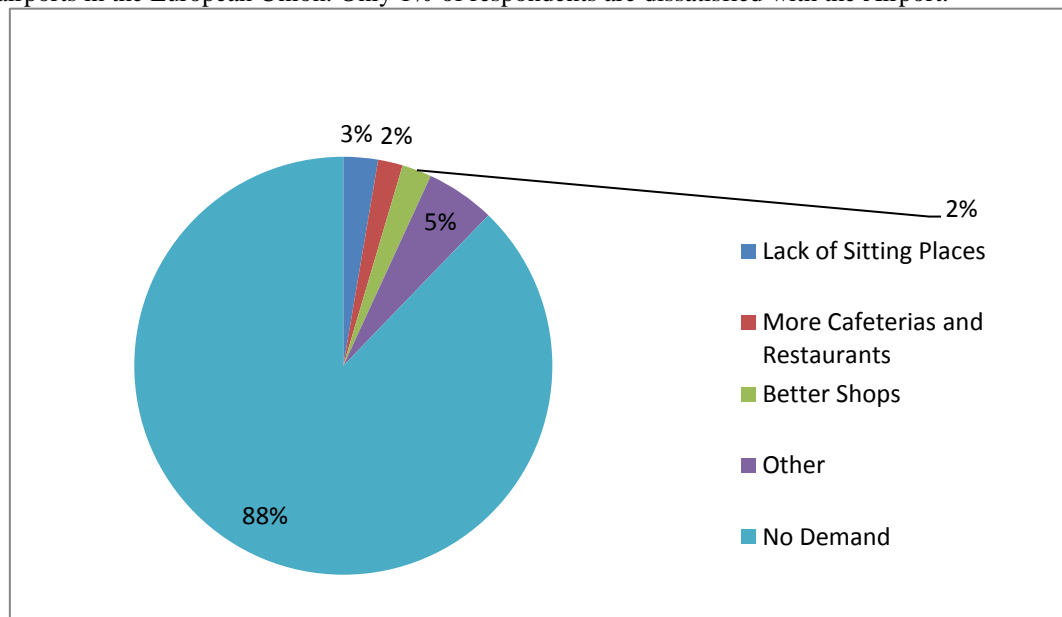
**Fig. 3** Car Park Facility

Regarding the car park facility of the airport, 48% of respondents consider it to be appropriate at good cost; 41% are satisfied with the facility, but take the price to be too high; 8% wanted the car park area to be extended; and 2% of respondents had some other idea (they especially wanted to extend bus shuttle services from Ostrava to the Airport).



**Fig. 4** Airport Overall Impression

Taking into account an overall impression of the Airport, 58% of respondents consider the Airport to be small, but quite satisfactory; 41% take it as a modern airport on a par with other similar airports in the European Union. Only 1% of respondents are dissatisfied with the Airport.



**Fig. 5** Ideas for Improvement of Airport Services

The respondents could also voice their opinion and ideas on improving the Airport services. There were 88% of them, who expressed no demand; 3% of respondents would like to extend the number of places for sitting; 2% wanted that there were more cafeterias and restaurants; and 2% wanted better shops to be provided. The remaining 5% of respondents had some other idea of improvement, of which the idea of a playroom for children dominated.

#### 4 CONCLUSION

Commenting on the output of the questionnaire, I can say that some responses corroborated my assumptions. Some of them were less expected or even surprising.

The majority of respondents (95%) use the Airport as their vacation charter flight dispatching point, which makes a steady increasing figure of irregular passenger transportation clear. As mentioned above, since autumn 2008, the flow of regular passenger transportation has been continually diminishing. This fact was corroborated by the questionnaire responses, where only 3% and 2% of respondents respectively gave commercial or studying reasons for taking advantage of the Airport. In view of the continuing economic crisis, it is possible to assume that professionals use the air transportation a bit less than usual, as was the case last year, and that the trend will continue also in the coming year. This will affect economies of individual airports, but also air traffic companies in general.

Both the management and the proprietor of the Leos Janacek Airport Ostrava can be satisfied with the quality of the services provided, as the responses about the overall impression and quality of specific services were in their majority positive. Also the assessment of the airport attendant staff was very positive. Only 1% of respondents were dissatisfied.

Smooth and speedy check-in services, which are something passengers are very sensitive to, were assessed as generally satisfactory by the majority of 93% respondents.

As to further requirements for expansion of the Airport's services, the majority of respondents had no ideas and were satisfied with the present situation. Nevertheless, the suggestion of extending availability of sitting facilities is worth of taking into account, as well as the requirements for setting-up a playroom for children, and for extension of the shuttle bus service between the Ostrava city centre and the Airport. It concerns especially charter flight seasons, when many families with children and senior people take advantage of the Airport services.

I am especially satisfied with the knowledge that the Leos Janacek Airport Ostrava is perceived as a modern, satisfactory, regional airport, which is a clear signal sent to its proprietor as regards its development in future. All respondents consider the Airport to be important not only from the point of their personal needs, but also from that of successful development of the Moravia-Silesia Region.

We should wish the best for the Leos Janacek Airport Ostrava that it can manage difficulties of the present economic situation, which might pose a threat to its existence.

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## RESUMÉ

Společnost Letiště Ostrava, a.s. svým vznikem převzala veškerý majetek letiště a s tím související letecký provoz. Nemovitý majetek je společnosti Letiště Ostrava, a.s. pronajímán na základě nájemní smlouvy jeho majitelem, Moravskoslezským krajem.

Vlastní provozní hospodaření společnosti bylo v roce 2008 zejména vzhledem k hospodářské krizi ztrátové a lze reálně předpokládat, že tomu tak bude i v roce 2009, i když hospodářské výsledky za minulý rok ještě zpracovány nejsou, což neoficiálně potvrdil zdroj blízký letišti. Z těchto údajů vyplývá, že s provozním ziskem nelze zatím v blízké budoucnosti počítat a tudíž není možno vlastními zdroji financovat větší investiční záměry.

Déle trvající ekonomická krize spojená s poklesy objemů osobní a nákladní letecké přepravy by tak mohla ohrozit další rozvoj letiště a nakonec i jeho samotnou existenci. Proto bylo důležité zjistit, jak vnímá význam ostravského letiště veřejnost.

Management i vlastníci letiště Leoše Janáčka v Ostravě-Mošnově mohou být s výsledky plynoucími z dotazníku spokojeni, protože jak celkovou úroveň služeb, tak konkrétní poskytované služby hodnotila převážná většina respondentů kladně. Rovněž úroveň letištního personálu byla vnímána velmi pozitivně.

Všichni dotazovaní bez výjimky považují existenci ostravského letiště za důležitou a nezbytnou nejen s ohledem na své potřeby, ale také pro další úspěšný rozvoj Moravskoslezského kraje.



Lze si jen přát, aby letiště Leoše Janáčka v Ostravě-Mošnově úspěšně zvládlo současnou složitou ekonomickou situaci a jeho existence nebyla právě z těchto důvodů ohrožena.